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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 002270

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SUBJECT: NSC SECRETARY GENERAL CHIOU I-JEN ON THE CURRENT  
POLITICAL SCENE IN TAIWAN

Classified By: AIT Acting Deputy Director Charles E. Bennett,  
Reasons: 1.4 (b/d)

¶1. (C) Summary: In recent days President Chen has recovered his good spirits as a result of receiving strong DPP support against the opposition's recall move, NSC Secretary General Chiou I-jen told ADIR and ADDIR on June 30, adding that Chen no longer feels "alone." Chiou predicted that political infighting in Taiwan will increase in the next several months because of intra- and inter-party divisions that have opened during the recall movement and because of the unpredictable results of possible next steps, such as a no confidence vote against the premier. Chiou criticized KMT Chairman Ma Ying-jeou for his propensity to yield under pressure, adding that Ma's character is to try to please everyone. End Summary.

¶2. (C) NSC Secretary General Chiou I-jen told ADIR and ADDIR on June 30 that the atmosphere in the Presidential Office is now relatively good. Upon his return from Germany about two weeks ago, Chiou said, he found President Chen depressed but since then the President has gradually recovered his enthusiasm. The outcome of the recall vote on June 27 was never in doubt so the failure of the recall was not the reason for the improvement in Chen's spirits, according to Chiou. Rather, Chen felt energized when the Democratic Progressive Party (DPP) legislative caucus and the DPP headquarters began to counterattack against the opposition. With the resumption of this "teamwork," Chen no longer felt "alone."

¶3. (C) Chiou predicted that political infighting in Taiwan will increase and last until the fall. By November, however, people will become bored and they will also be focused on the Taipei and Kaohsiung election campaigns. Despite surface turmoil, the recall effort itself was not chaotic, Chiou explained, because everyone knew what the results would be. However, the results are unpredictable for possible additional steps, such as a no confidence vote against the premier, in which case the president can either appoint a new premier or dissolve the legislature. Chiou characterized the no confidence vote issue as a game of chicken. The Pan-Blue is threatening the DPP with the vote to try to force the DPP to make compromises. On the other side, the DPP is threatening Pan-Blue legislators with a dissolution of the Legislative Yuan (LY) if they pass a no confidence motion. People First Party (PFP) Chairman James Soong's position is simple. He hopes a no confidence vote will lead to a second

and successful recall motion against Chen, based on the expectation that there will be an election and the Pan-Blue can capture the two-thirds majority needed to pass a recall motion.

14. (C) The Pan-Green and Pan-Blue both have internal problems, Chiou observed. On the Pan-Green side, former President Lee Teng-hui is working against President Chen. Pan-Blue rivalry is more serious, involving Kuomintang (KMT) LY President Wang Jin-pyng, KMT Honorary Chairman Lien Chan, PFP Chairman Soong and KMT Chairman Ma Ying-jeou. The greatest problem is within the KMT where there are different views on the no confidence vote and on continuing cooperation with the PFP.

15. (C) Soong has used the KMT for his own purposes, Chiou suggested, and Wang and Lien have taken advantage of the Pan-Blue divisions created by Soong to put pressure on Ma. While Wang and Lien expect Ma to be the KMT presidential candidate in 2008, they have two reasons for pressuring him. One reason is emotional, while the other reason is very rational. They are trying to see what they can get from Ma in return for supporting him. Their hope is that Ma will see a need to compromise with them under pressure.

16. (C) On the Green side, Chiou observed, how bad the infighting will become will depend on how far Lee Teng-hui carries his criticism of the DPP, and also on the position of the Taiwan Solidarity Union (TSU) toward the upcoming Taipei and Kaohsiung mayoral races. On the Blue side, there are many questions. Will James Soong run for Taipei mayor? How far will the tensions between Wang and Ma develop? When will Lien Chan, who is not satisfied with Ma, strike? How will the KMT deal with the divisions in its LY caucus? KMT

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legislator Hong Hsiu-chu's signing of a PFP call for a no confidence vote angered some KMT leaders, Chiou noted. However, he asked, will they do anything to Hong?

17. (C) Ma's first reactions are always right, Chiou suggested, but then he gradually turns in the wrong direction. Soong has nothing to lose as he manipulates Ma, and under pressure, Ma backs down and compromises. Ma's character is to try to please everyone. This morning, Chiou noted, Ma already retreated on his recent opposition to the no confidence vote, saying now that the KMT LY caucus and the KMT's think tank should study the issue. Sending such a divisive issue to the KMT caucus will inevitably lead to quarreling, Chiou predicted, adding that he could not understand why Ma would do something that was bad for himself. Society will question Ma's judgment, Chiou suggested.

Comment  
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18. (C) Our other contacts in both the Pan-Blue and Pan-Green camps generally expect the political atmosphere to be calmer in the near term than Chiou's remarks might suggest. They note there is no interest in holding another special LY session, and the LY does not reconvene until mid to late September. Many legislators and others involved in politics are exhausted and want a break, and the summer heat is not conducive to intense political activity. It is also noteworthy that the LY special session managed to pass the most pressing bills on its agenda before adjourning uneventfully today. That said, the divisions described by Chiou will be key factors in continued or increased political infighting here for a long time to come.  
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